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CENTRAL INTELLIGENCE AGENCY  
INFORMATION REPORT

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COUNTRY Indochina  
SUBJECT Security Problems/Local Conditions  
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2. There have not been any outbreaks of violence, such as grenade throwing, in Saigon during the past several months. The reason for this is that the Viet Minh now operates a "protection" racket. They approach hotel keepers and businessmen and in return for bribes agree not to throw bombs.
3. The French security forces are incapable of coping with this situation and the businessmen prefer extortion to violence.
4. US nationals are not popular in Viet Nam. The Viet Nameese complain that the US is not doing enough to help them gain their independence. The French, on the other hand, place the blame for their troubles in Indochina on the US.
5. Viet Nam is not a unified state. It contains several more or less autonomous peoples, each with its own army, plus a large Chinese community. The Viet Nameese, in turn, are called "the Nations of Indochina" by the people of Laos and Cambodia.
6. The Chinese community of Viet Nam is large and powerful. The Chinese control to a large extent the economic activity of the area. Virtually all the rice mills on the Mekong are Chinese-owned, enabling the Chinese to set the price of rice throughout Indochina.
7. At the present time the Chinese cannot hold government office, are exempt from military service, and have to pay special taxes.
8. In the foreseeable future, I expect that these taxes will be removed and the Chinese will be considered citizens of Viet Nam. This has been done successfully in Malaya and the government of Viet Nam will probably follow this example.

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9. Since the northern part of Indochina is jungle and not rice country, the Viet Minh do not need the local villagers to grow food for the army. The Viet Minh are, therefore, allowing refugees to move to the south where they become an added burden to the French and the Viet Minh do not have to worry about feeding them.
10. The job of screening these refugees has proved to be beyond the capabilities of the French. When I left there was virtually no effort being made to screen out infiltrating Viet Minh troops.
11. As the Viet Minh troops can lose their identity by simply taking off their hats, it is impossible for the French to distinguish them from refugees.
12. When French units make an attack, they capture a great many people, but because of the problem of identification, few of these are considered POW's. After such an attack, those captured gradually wander away.
13. As a result, many areas are French-controlled by day, and Viet Minh-controlled by night.
14. I saw a few stockades holding Viet Minh prisoners, but these prisoners seemed rather loosely guarded. The barbed wire around the stockades was low and there were few guards in evidence.
15. Some efforts are being made to convert these prisoners from Communism, but I do not believe they are too effective. Apparently if a prisoner states he is no longer a Communist he is turned loose by the French without further screening.
16. In the south, not far from Saigon, I saw several arms factories. These are making 60 mm mortars, machine guns, and sub-machine guns. All these weapons are made by hand, yet, when completed, they are difficult to distinguish from the US-made model. I have fired one of these hand-made sub-machine guns on a range and it operated very well.

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